

Undue fees can stymie startups: Google's Walker

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Surabhi Agarwal | ET Bureau | December 21, 2016, 09:26 IST

The government should take a more studied step while imposing additional levies, especially on [startups](#), said [Kent Walker](#), senior VP, [Google](#). In an exclusive interview with ET, he said since margins for small businesses are thin, the imposition of "undue" fees can be a real barrier for them.

His comments come at a time when the government is planning to expand the equalisation levy to cloud services after imposing it on the online advertising in come of multinationals. "For small and medium entrepreneurs, policy and uncertainty are as bad as any kind of risk, and raises the cost of doing business."



India's startup industry is still at an infant stage and the government needs to be very conscious about imposing new layers of tax, and should do it in a consultative way, he said. "If you raise everybody's costs, you are going to discredit the creation of new businesses...entrepreneurship is a risky business anyway."

Walker said the government should not "rush" to regulate. "Sometimes, if you regulate first and ask questions later, you inadvertently cut off the opportunity for experimentation," he said. "Many of these questions don't have obvious answers and it will be beneficial to have different perspectives around the table," he said.

Though Google has still not passed on the 6% levy to its customers, it is widely feared that it may act as an additional burden for companies especially if its ambit is expanded to other internet services as well. Saying that India offers a "great opportunity" for Google, he said the company is "very optimistic" about the Indian market due to its huge online base. He praised the government for going ahead with its digital agenda.

"There is a real interest in trying to use technology tools to get government departments online...now more recently businesses online. That's all been very positive from our perspective."

ET had reported last week that cloud-computing companies and entertainment service providers may also need to pay equalisation levy on their revenue from the next financial year as the

government expands the scope of the tax.

Pratibha Jain, partner at Nishith Desai Associates said the startup ecosystem in India doesn't require sops. Instead, it needs a tax certainty and policy certainty .

Google has been battling policy issues in India pertaining not just to the equalisation levy but also a ban on its mapping project Street View, the draconian Geospatial Bill and the Loon project, which is stuck in bureaucratic quagmire. Walker said Google pays around 20% of its income as taxes the world over, most of which are paid in the US.